

Message Text

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PAGE 01 STATE 299453

73

ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 /045 R

DRAFTED BY EB/FTD:AJWILLIAMS:CSH

APPROVED BY EB/FTD:CANGEVINE

EA/PHL:RWILNER

USDA:GRATHELL

----- 106677

P 192250Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

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E.O. 11652: N/A

TAGS:ETRD, PH

SUBJECT: COTTON CONTRACT PROBLEM

REF: (A) MANILA 16306 (B) MANILA 16718 (C) MANILA 17404

1. TAYLOR HAS SO FAR RESISTED PRLSSURE FROM US REPS AND INDUSTRY ORGANIZATIONS TO REVISE POSITION ON SOLID CONTRACT OR TO SUBMIT CONTRACT TO TECHNICAL ARBITRATON. WE HAVE EMPHASIZED TO TAYLOR AND INDUSRY REPS THAT REMAINING CONTRACTS ON ANNEX MAY BE JEOPARDIZED BY HIS ACTION, BUT TO NO AVAIL.

2. TAYLOR'S POSITION IS THAT EVEN IF HE TOOK RISK OF ARBITRATION , THERE IS NO CERTAINTY THAT THE REMAINING L/C'S WOULD BE OPENED. MOREOVER, WHEN FORMER AMBASSADOR BLAIR TELEPHONED MRS. REYES ON DECEMBER 8 TO DISCUSS OBSTACLES TO OPENING REMAINING L/C'S, MRS. REYES
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PAGE 02 STATE 299453

DID NOT CITE TAYLOR - SOLID CASE DURING EN,IRE DISCUSSION

OF PROBLEM. ACEA BELIEVES THAT SINCE TAYLOR - SOLID PROBLEM NOT RAISED BY MRS. REYES, THIS MAY INDICATE SOLID PROBLEM WILL NOT AFFECT PHILIPPINE PERFORMANCE ON REMAINING CONTRACTS. ACEA HAS MAINTAINED THIS POSITION EVEN IN LIGHT OF VIRATA LETTER REPORTED REF C.

3. REQUEST EMBASSY DISCUSS REMAINING CONTRACTS ON ANNEX WITH DBP. IF DBP RAISES TAYLOR - SOLID CASE, PLEASE REPORT DBP POSITION IN DETAIL. IN SUCH CASE, WE WOULD BE PARTICULARLY INTERESTED IN WHETHER OR NOT ARBITRATION OF TAYLOR - SOLID CASE (WITH GUARANTEE THAT SOLID WILL BE PAID IF MILL WINS ARBITRATION) WILL BE SUFFICIENT CONDITION FOR ALL REMAINING CONTRACTS TO BE OPENED WITHOUT DELAY. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE299453
Document Source: CORE
Document Unique ID: 00
Drafter: AJWILLIAMS:CSH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750442-0374
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751226/aaaaawwa.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MANILA 16306, 75 MANILA 16718, 75 MANILA 17404
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by CunninFX>; APPROVED <13 AUG 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACT PROBLEM
TAGS: ETRD, EPAP, RP
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006